

ISB Briefing Paper on the Department of Labor and Industries (L&I) Feasibility Study and 2003-05 Biennium Decision Packages

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Description

The Department of Labor and Industries (L&I) will summarize the results of a feasibility study conducted during the current biennium and discuss the information technology (IT) decision packages planned for the 2003-05 Biennium.

Background

L&I provides medical and financial benefits to injured workers and victims of violent crimes, promotes workplace safety and health, protects consumers from unsound building practices, ensures legal employment practices, and assists in the development of a skilled and diverse work force.

L&I recently completed a feasibility study that concentrated on technology solutions to provide better customer service and access to workers' compensation information for the 163,000 employers and 1.9 million workers participating in the State Industrial Insurance Fund program, the 800,000 workers covered by the Self-Insured program, and the 50,000 registered health care providers. The study recommended a comprehensive new system for electronic management of workers' compensation claims and employer information.

Additionally and as part of the budget preparation process, L&I conducted its annual IT Portfolio assessment to determine future IT needs. As a result, L&I is incorporating technology in three main areas: 1) online access to claims, document images, and employer accounts; 2) creating a citizen-focused web site; and 3) eliminating ineffective and redundant accounting systems. The total amount requested for IT initiatives is \$17.2 million.

Status

L&I has been actively planning for and working to prepare for these projects in the past biennia. The IT decision packages are summarized below:

Online Reporting & Customer Access Project (ORCA) - This project will provide a modern, secure Internet-based system to allow L&I customers online access to workers' compensation information, document images, and claim information. It will provide additional ability to conduct business electronically with L&I.

This project addresses customer feedback demanding higher levels of service, access to claim information and status, and the ability to conduct business with L&I 24 hours a day. L&I recently completed a feasibility study to identify technology opportunities for improving efficiency and service. The feasibility study recommended enhancing the imaging system and making it available to external customers, as well as increasing the ability for customers to conduct L&I business online. The current L&I imaging system, implemented more than a decade ago, lacks the functionality of today's newer imaging technology to transmit and view images over the Internet.

The study proposes a phased-in system comprised of two major components: 1) an enterprise imaging system, and 2) a core e-business framework. The system would be implemented over four years. During the 2003-05 Biennium, the project will implement a new imaging system for

claims staff, and will prototype external customer Internet access to the imaging system. Customer-oriented web pages for workers, employers, and providers and the ability to process transactions will allow L&I customers to request and receive services 24 hours a day. Full implementation of Internet access to imaging for employers, injured workers and their representatives, and health care providers is planned for the 2005-07 Biennium.

The estimated cost for the first biennium is \$10 million. A second decision package will be developed for the 2005-07 Biennium to expand imaging and develop additional electronic transaction capability. Cost estimates for the 2005-07 Biennium will be derived from the actual costs of the 2003-05 Biennium. Tangible savings are estimated at \$1 million per biennium, primarily from the reduction of microfiche production and distribution.

Global Accounts Receivable & Payment Options - L&I currently has 19 accounts receivable activities, all supported by separate systems or processes. In the 1999-01 Biennium, L&I analyzed its legacy systems, infrastructure, and accounts receivable processes and created a model to automate and eventually consolidate as many of the systems as possible.

During the current biennium, L&I has been developing a system to replace three of the 19 electronic and manual processes used for accounting and collecting of amounts owed the department. The system strengthens accountability for funds owed the agency, improves collection rates by centralizing receivable data, corrects financial reconciliation problems, and addresses internal control concerns identified by the State Auditor's Office. The Global Accounts Receivable & Payment Options project will expand and implement this system agency wide. When fully implemented, customer service will be improved by providing a single point of contact for information on monies owed to the department. Additionally, L&I's 300,000+ regional office customers, currently restricted to cash or check for payment methods, will be offered the convenience of paying by credit or debit cards.

The estimated cost of this project is \$6.1 million. The net revenue and cost savings estimated from increased collections is \$1.29 million for the 2005-07 Biennium. The agency anticipates that as a result of increased collections revenue and cost avoidance, the project will pay for itself in less than six years.

Creating a Citizen-Focused Web Site - Employers, workers, health care providers, contractors, electricians, and homeowners are some of the customers who expect online access to L&I information and services. L&I will conduct usability testing of their web site and redesign it as necessary to ensure customers can find and understand what they need. L&I will install a content management system to keep information up to date and will improve the search engine. The web site will have 24-hour customer support and a new Spanish version. The site hosts 10 commerce applications and receives approximately 6,000 visits per day. The estimated cost of this project is \$1.19 million. With an improved web site, customers will find conducting business with L&I electronically saves them time and effort. L&I staff will spend less time helping customers find and understand web site material, and more time on other important customer service issues.

L&I will utilize master contracts available through DIS, and is partnering with DIS to conduct web site usability testing so that the results can be applied across state agencies.

Benefits

- L&I is moving forward with digital government initiatives that will facilitate the filing of workers' compensations claims on-line and will provide a more customer-friendly web site.
- The agency-wide accounts receivable project will identify customers who are not paying the necessary fees or that are defrauding the state, and will provide the needed centralized accounting information.

Issues

- Funding for these efforts is dependent on legislative approval.

Recommendation

L&I continues to demonstrate excellent IT portfolio-based planning and management. DIS concurs with the phased development and implementation approach that the agency has taken, and its leadership in partnering with other agencies. DIS recommends Information Services Board support.